

STAT

Page Denied

STAT

SOVIET ARTICLE ON RESTORATION OF NORTH KOREAN ECONOMYVoprosy Ekonomiki, No 1
Moscow, Jan 1954

G. Kim

Since their liberation in 1945 by the Soviet Army, the people of North Korea, with the help of the Soviet Union and under the leadership of the Labor Party, have successfully developed their own industry, agriculture, and culture.

The social and economic changes in North Korea helped to erase the effects of the long period of Japanese imperialism, destroy the remnants of feudalism, lay the foundation for a gradual development of an independent national economy, and raise the material and cultural level of Korean workers. The land reform gave one million hectares of land to 725,000 farmers who had little or no land.

The nationalization of industry, banks, transport, and communications, which took place in 1946, formed the beginning of a new economic development on the basis of national economic planning. As a result of the fulfillment of the national economic plans for 1947 and 1948, the factories, plants, mines, and rail transport, which had been destroyed by Japanese occupation forces, were restored and industrial production was considerably increased. The level of industrial production (1946 = 100) was 263.1 in 1948. In 1948, the output of steel was 115,000 tons; pig iron, 100,000 tons; coal, 4.3 million tons; electric power, 6.1 billion kilowatt-hours; cement, 392,000 tons; and textiles, 7 million meters.

The Korean people have also been successful in raising the level of agriculture. Advanced agrotechnical methods, based on the agricultural experience and methods of the USSR, were introduced in North Korea. As a result, harvest yields increased. The gross harvest of grain crops in North Korea in 1948 exceeded the 1939 harvest (which had been the best year) by 10.4 percent, and the harvest of 1944 by 20 percent.

On the basis of economic achievements, the Supreme People's Assembly of the Democratic People's Republic of Korea established a 2-year national economic plan in 1949 (for 1949-1950). The plan provided for a considerable increase in industrial and agricultural production. The Fifth Session of the Supreme People's Assembly, which took place in 1950, decided to increase the plan for 1950. The total volume of gross production in 1950 was to be 145.9 percent of the 1949 volume.

Early in 1950, the republic had 15 higher educational institutions (before the liberation there was not a single higher educational institution in North Korea) with 10,000 students, and about 60 tekhnikums. The number of students in secondary schools in 1950 was 23 times greater than in 1945, and the number of students in tekhnikums was 56 times greater.

The government of the Democratic People's Republic of Korea decided to introduce general compulsory primary education, beginning in 1950; however, this decision could not be fully carried out because of the American invasion.

During the first few months of the war, the American interventionists destroyed more than 610,000 buildings, including factories and plants. A number of cities, including P'yongyang, Hungnam, Hamhung, Ch'ongjin, Songjin, and many other industrial centers, were destroyed. Under the supervision of the Labor Party, many of the important industrial enterprises of the country were evacuated to safer northern regions.

STAT

One of the main economic problems during the war was the training of workers for industry. The lack of trained industrial workers was keenly felt in the Democratic People's Republic of Korea in the first few years after its formation. By the end of the war, only 4 percent of the total number of workers in industrial enterprises of the Democratic People's Republic of Korea had more than 10 years' experience, and over 50 percent of the workers had less than one year's experience.

With the active aid of the Soviet Union, the People's Republic of China, and other socialist countries, all branches of industry, transport, and agriculture of the Democratic People's Republic of Korea were developed. The volume of gross industrial production in 1952 increased 19 percent over 1951, transport freight turnover increased 13 percent during the same period, and commodity turnover of retail trade in 1952 increased 132 percent over 1951.

As a result of the great achievements in industry and agriculture, the government and the Labor Party in North Korea were able to improve the workers' living standard. Norms of supplies to workers and employees were raised considerably. During the war, there were three reductions of prices on food products and consumer goods. Needy peasants were relieved of paying taxes-in-kind and of repaying state loans. Free medical aid was provided for the population.

The great achievements of the Korean people during the war were possible through the leadership of the Labor Party. About 450,000 Koreans joined the Labor Party during the war period. Party members now hold the most responsible positions in industry.

At the Sixth Plenum of the Central Committee of the Labor Party in August 1953, Kim Il-song outlined the main tasks of peaceful development in the Democratic People's Republic of Korea. The work of restoration is to be divided into two stages. During the first stage, which will take about one year, preparations will be made for restoration of all branches of industry. During this period, the required volume of restoration work is to be determined, technical plans for new construction are to be prepared, labor forces are to be mobilized, etc. Restoration work on a number of projects is to begin during the same period. At the same time, the government will prepare a 3-year plan for the restoration of the national economy.

The second stage will cover a period of fulfillment of the 3-year plan. In the course of the plan fulfillment, all branches of industry are to be completely restored and it is anticipated that the prewar production level is to be reached in all fields of national economy.

The mining and metallurgical industries are to be restored as quickly as possible. In a period of 1 or 2 years, all the ore and coal mines, which were formerly in operation, should be completely restored. A temporary mining industry is to be organized to such an extent that not only will domestic requirements be met, but also a sufficient quantity of ore will be available for export. In the metallurgical industry, the prewar production level is to be reached by 1956. In the course of restoration, the large metallurgical enterprises in the republic will undergo radical reconstruction, i.e., the capacity of blast furnaces and steel-smelting furnaces will be increased and the plants will be furnished with new equipment. The restoration of chemical plants is to be done in such a way that the production of chemical fertilizers for agriculture will be possible in about 2 or 3 years. For this purpose, the Hungnam Chemical Combine (one of the largest enterprises not only in Korea but in all of Asia), the chemical plant in Namp'o, and others are to be restored first.

STAT

The machine-building industry will undergo considerable reconstruction. In addition to restoring the destroyed machine-building enterprises, new branches of machine building are to be established and a number of new enterprises are to be built.

During a 3-year period, all electric power stations are to be restored and the electrical industry is to be reconstructed. The old machine units will be replaced by new equipment.

The large scope of construction work to be done in the course of restoring damaged cities, towns, and industrial enterprises will require a large amount of construction materials. Reconstruction and new construction of brick plants, cement plants and sawmills in the Democratic People's Republic of Korea has already begun. Production of construction materials will be increased steadily. In this respect, enterprises of local industry will play an important part.

The Labor Party and the government of the Democratic People's Republic of Korea are giving serious attention to the restoration and development of all branches of the light and food industries, with the aim of improving the workers' living standard. All enterprises of the food industry are to be restored within a 3-year period. In addition, some new branches of the food industry are to be established, for example, a sugar and confectionery industry.

The fulfillment of the extensive restoration program and the speedy adjustment to normal, peaceful living conditions in North Korea depends to a great extent on a well-organized transport system. During the war, the railway and highway systems were seriously damaged. Since the war, regular transport has been resumed on all main railway lines. A great deal of restoration work is in progress at this time.

In connection with the extensive plans for restoration and industrial development, the Democratic People's Republic of Korea has serious problems with regard to the mobilization and training of labor forces. It should be kept in mind that a large number of skilled workers continue to remain in the armed forces and that during the war a large portion of the urban population was scattered throughout rural areas.

The government is planning a number of measures to solve the labor problem. First of all, the large turnover of workers must be stopped. A considerable reduction in the number of government office workers is also planned, which would release a large contingent of workers for employment in industry. During the war, Korean women engaged in a strong political activity. The government is now recruiting women for work in industry, especially in enterprises of the light and food industries.

One of the urgent problems in the mobilization of labor forces is the renewal of measures, interrupted by the war, to employ the "hwajon" peasants in industry; this would be an important source for replenishing the labor force. Following the land reform in 1946, part of the "hwajon" peasants were resettled from mountain areas to the principal agricultural regions. Another group of these peasants, in accordance with their wishes, was sent to work in industry and given every opportunity to master technical skills.

The large extent of necessary reconstruction work raises the problem of labor mechanization and of a more efficient utilization of machines and equipment supplied by other democratic countries.

STAT

These are the immediate tasks facing the Korean people in the restoration and development of industry. However, it is not only a question of reconstructing old enterprises and building new ones. The government and the party are also striving for a complete liquidation of the colonial structure of Korean industry and of its technical backwardness; industrial plants are to be distributed more practically, so that they can be as close as possible to sources of raw material and can be better integrated into the economic life of a certain region. For this purpose, a large number of industrial plants are to be moved from coastal cities to inland regions, or are to be newly built in inland locations.

The war did considerable damage to Korean agriculture; many irrigation systems were destroyed by bombing, and the number of livestock was greatly decreased. The government of the Democratic People's Republic of Korea has set itself the task of reaching the prewar level of agricultural production, especially in animal husbandry, in the shortest possible period (approximately 1 or 2 years). In addition to restoring the whole system of existing irrigation installations, new ones are to be built. A great amount of work is planned for the cultivation of new farm land (plowing of virgin soil); the number of machine-renting stations in the republic is to be increased and these stations will serve primarily state farms.

The government and party are giving much attention to the development of animal husbandry, especially sheep raising, which was very poorly developed. In this respect, the Korean peasants are receiving much help from the Mongolian People's Republic, which contributed more than 100,000 head of livestock during the war. The government has made plans for a further development of sheep raising; the principal sheep-farming regions are to be in Chngang-do, P'yongan-pukto, and Hamgyong-pukto, i.e., the high mountain areas of North Korea, which have good pastures.

One important problem of peaceful reconstruction is the restoration of cities and towns. Nearly all cities of North Korea were damaged by the war. On 30 July 1953, the Cabinet of Ministers of the republic issued a decision on the reconstruction of P'yongyang; the general reconstruction plan for this city provides for living space for one million people and the work is to be done in 10-15 years.

The great amount of work to be done in restoring and developing the national economy requires the training of large numbers of skilled workers. In addition to the 15 existing higher educational institutions, the government of the Democratic People's Republic of Korea has opened two new institutes, i.e., the Institute of Economics and the Institute of National Economy; two additional institutes, the Institute of Forestry Engineering and the Institute of Fishing Industry, will be opened soon.

During the 1953-1954 school year, about 3,000 students were admitted to higher educational institutions. At the beginning of this school year, 4,000 schools were in operation with a total enrollment of 1.5 million students.

In describing the tasks of restoring the national economy of the Democratic People's Republic of Korea, one should not overlook the problem of establishing normal living conditions in the newly liberated regions. According to the terms of the armistice, a number of regions south of the 38th Parallel were turned over to the Democratic People's Republic of Korea (Kaesong, Kaep'ung, Pyangmung, Nam-son, and Ongjin). The population of these areas reaches hundreds of thousands. The party and government have taken steps to raise the material and cultural level of these people and to introduce a democratic way of life.

STAT

There is no doubt that the Korean people, having withstood the tests of the 3-year war and having achieved victory over the aggressors, will successfully solve the problems of restoring and developing their national economy. In this difficult task the Korean people will be aided by other democratic and socialist countries, headed by the Soviet Union. A concrete expression of the increasing aid and support of the Soviet people was the decision of the USSR government, immediately after the war, to assign a gift of one billion rubles for the purpose of restoring the war-damaged economy of the Democratic People's Republic of Korea.

During the talks between the Soviet government and the Korean delegation, which took place in Moscow 11-19 September 1953, special attention was given to problems of economic aid by the USSR to the Korean people. An agreement was reached whereby the one billion rubles assigned by the Soviet Union for this purpose were to be used for the reconstruction of the Sup'ung electric power plant on the Yalu River; for the restoration and construction of plants of ferrous and nonferrous metallurgy, including such large enterprises as the metallurgical plants in Ch'ongjin and Kimchaek, and the nonferrous metals plant in Namp'o; for plants of the chemical and cement industries, including the mineral fertilizer plant in Hungnam, and the cement plant in Sunghori; and for the construction of enterprises of the textile and food industry, including a large textile combine, a silk spinning and weaving factory, a meat combine, and fish canneries.

Soviet aid in the reconstruction and construction of industrial enterprises will consist of planning work performed by Soviet organizations, delivery of equipment and materials, technical aid in the process of construction and restoration, and the furnishing of licenses and technical documents for the organization of production, as well as training native Korean workers.

In the course of the Soviet-Korean talks, an agreement was reached on delivery of equipment and materials from the Soviet Union for the restoration of the railway and communications system, and delivery of agricultural machines, tools, fertilizers, breeding livestock, horses, fishing vessels, machines, equipment and materials for the restoration of housing and municipal services, hospitals, and schools. Provisions were also made for the delivery of consumer goods from the Soviet Union to the people of North Korea.

Considering the great expenditures, which are inevitable in performing the immediate tasks involved in the restoration of the national economy of the Democratic People's Republic of Korea, the Soviet Union has postponed the payment dates on all former credits granted by the Soviet Union to the Democratic People's Republic of Korea, and has allowed new, more favorable terms for payment settlements.

Following the example of the Soviet Union, all people's democratic countries have decided to give aid to the Korean people. The government of the People's Republic of China decided to give as a gift to the government of the Democratic People's Republic of Korea all goods delivered and all expenditures made in the course of rendering aid to Korea during the period 25 June 1950-31 December 1953.

For the purpose of additional aid to Korea, the People's Republic of China decided to donate 8 trillion yuan during a period of 4 years, (1954-1957), for use in restoring the national economy. For this amount the People's Republic of China will deliver to Korea various goods and equipment required for industry and agriculture and for improving the living conditions of the Korean people. The deliveries will include coal, yarn, cotton, grain, construction materials, communications equipment, and other goods. The government of the People's Republic of China will help to restore the railway system of North Korea and will supply locomotives and railway cars.

STAT

The situation in South Korea presents an entirely different picture. The economy of South Korea is in a state of complete ruin. According to extremely low estimates of the so-called State Bank of South Korea [i.e., Bank of Korea], the total amount of war damages suffered by South Korea reaches the astronomical figure of 18,129,000,000,000 South Korean hwan. The damage to industry is estimated at 7,674,000,000,000 hwan. The following data are proof of the catastrophic decline of industrial production in South Korea during the war: In 1952, the output of the textile industry, the most developed industry of South Korea, dropped 63 percent; the metallurgical industry, 85 percent; and the food industry, 70 percent. During the war, according to incomplete data, in Seoul alone the American occupation forces destroyed 785 enterprises and exported to Japan the equipment from 10 of the largest plants and factories.

The electrical industry of South Korea had four hydroelectric power stations and three thermoelectric stations. At present, only the Seoul thermoelectric station is in operation; the six remaining power stations were either destroyed or put out of operation.

There are over one million unemployed in South Korea and the number of partially unemployed is 14 million.

Agriculture in South Korea, which was formerly the granary of the country, is completely disorganized. The rice harvest in 1952 was 5 million sok [1 sok = 160 kilograms] below the prewar harvest. As a result of a sharp reduction of sown areas and a reduction of harvest yield, South Korea is having a serious food crisis. In 1952, South Korea had a shortage of one million tons of grain below the minimum subsistence level.

The "land reform" carried out in 1951 did nothing to improve the situation. According to this "reform," about 25 percent of the worst land was distributed among the peasants, who had to pay a huge sum for it to the landowners, both in kind and in money. The peasants of South Korea are oppressed by a heavy tax burden. In 1952, 10 billion hwan of military tax alone were collected from the people in Cholla-namdo Province. An average family in South Korea is forced to pay an annual tax of 850,000 hwan. Tax collections in South Korea are usually carried out in the form of a punitive expedition. The collectors are accompanied by armed detachments. The huge taxes, land payments, and state requisitions contribute to the general ruin of the peasants.

The economic ruin in South Korea is also evident in an unprecedented inflation. The quantity of banknotes in circulation in 1952 increased by 324 times, compared with 1945. The following fact proves how rapidly the South Korean hwan has become depreciated: early in 1952, one dollar could be sold on the black market for 15,000 hwan, and in July 1952 for 20,000 hwan.

The population of South Korea is starving. Market prices for food products increased 1,503 percent during the war. For example, one mal [about 15 kilograms] of groats costs 160,000-170,000 hwan. At the same time, the wage index dropped 33.3 percent. Even port workers, whose wages are higher than some of the other categories of workers, receive a wage which is only 20 percent of a meager living wage. Starvation and serious epidemic diseases cause tens of thousands of deaths yearly. The number of persons suffering from tuberculosis in South Korea exceeds one million.

STAT

According to Seoul radio broadcasts, over 4 million people in South Korea are living on grass and tree rinds, and are close to starvation. Over 1.5 million homeless children wander around the roads of South Korea.

A severe military occupation regime has been established in South Korea; the entire power is in the hands of the American command and its subordinate "KCAC" [UNCACK (UN Civil Assistance Command, Korea)].

